

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2606-02  
Bill No.: HB 1558  
Subject: Education, Elementary and Secondary; Gambling.  
Type: Original  
Date: February 21, 2002

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	\$121,676,015	\$146,011,218	\$146,011,218
Gaming Proceeds for Education	\$0	\$0	\$0
State School Money	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$121,676,015</b>	<b>\$146,011,218</b>	<b>\$146,011,218</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Missouri Gaming Commission (GAM)** state this proposal would not affect the operation of their agency. GAM states the projected revenue is based on annual admissions to excursion gambling boats of 47,661,329. The admission fee is to be increased by \$3.00, therefore, GAM estimates an increase of \$142,983,987 ( $\$3 \times 47,661,399$ ) per year.

Officials from the **Department of Elementary and Secondary Education (DES)** state funds resulting from the increased admission fee will flow through the Gaming Proceeds for Education Fund and into the State School Moneys Fund (SSMF) to help fund the foundation formula. It is likely that an increase in gaming money to SSMF will result in a decrease in the need for GR funding of the foundation formula. The effect on GR would likely be dependent upon the amount of money needed to "fully" fund the formula and how much of that could be funded from gaming money. The increase in gaming money to the SSMF does not mean an increase to school districts, simply a new source of funding to help fund the formula at a proration factor of 1.0.

Officials from the **Department of Revenue** state this proposal would not fiscally impact their agency.

Officials from the **Office of Administration, Budget and Planning** did not respond to our request for fiscal impact.

In response to a similar proposal from this year that included a \$2 admission fee increase, GAM estimated an increase of \$97,340,812 (\$48,670,406 per \$1 increase) in revenue per year. Therefore, **Oversight** will use this estimate for purposes of this fiscal note. For FY 2003, Oversight assumes ten months of the new fee increase, or \$12,676,015 ( $\$48,670,406 \times 3 / 12$  months  $\times 10$  months). In FY 2004 and 2005, Oversight assumes a fiscal impact of \$146,011,218 ( $\$48,670,406 \times 3$ ). Oversight also assumes the additional fee will not have an impact on the number of patrons visiting the riverboat casinos.

Oversight assumes there would be a savings to the General Revenue Fund from this proposal since the proceeds from the \$3 increase in admission fees are earmarked for funding the foundation formula. The addition of these funds distributed based on Section 163.031 RSMo would indirectly result in a savings to the state's General Revenue fund, since less of it would then be needed to fully fund the foundation formula.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>GAMING PROCEEDS FOR EDUCATION</b>			
<u>Income</u> - Raise admission fee by \$3.00 to riverboat casinos	\$121,676,015	\$146,011,218	\$146,011,218
<u>Transfer Out</u> - to the State School Moneys Fund	<u>(\$121,676,015)</u>	<u>(\$146,011,218)</u>	<u>(\$146,011,218)</u>
<b>ESTIMATED NET EFFECT TO THE GAMING PROCEEDS FOR EDUCATION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
 <b>STATE SCHOOL MONEYS FUND</b>			
<u>Transfer In</u> - From the Gaming Proceeds for Education Fund	\$121,676,015	\$146,011,218	\$146,011,218
<u>Transfer Out</u> - to local school districts based on the foundation formula	<u>(\$121,676,015)</u>	<u>(\$146,011,218)</u>	<u>(\$146,011,218)</u>
<b>ESTIMATED NET EFFECT TO THE STATE SCHOOL MONEYS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
 <b>GENERAL REVENUE</b>			
<u>Savings</u> - Less money required to fully fund the foundation formula	<u>\$121,676,015</u>	<u>\$146,011,218</u>	<u>\$146,011,218</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>\$121,676,015</u></b>	<b><u>\$146,011,218</u></b>	<b><u>\$146,011,218</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>LOCAL SCHOOL DISTRICTS</b>			
<u>Income</u> - Funding from State School Moneys Fund for admission fee increase	\$121,676,015	\$146,011,218	\$146,011,218
<u>Loss</u> - reduction in funding from the General Revenue fund for foundation formula	<u>(\$121,676,015)</u>	<u>(\$146,011,218)</u>	<u>(\$146,011,218)</u>
<b>ESTIMATED NET EFFECT TO LOCAL SCHOOL DISTRICTS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

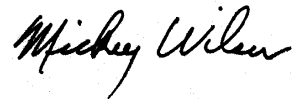
This proposal increases the boarding fee for excursion gambling boats from \$2 to \$5. The additional \$3 will be deposited in the Gaming Proceeds for Education Fund and then transferred monthly to the State School Moneys Fund and distributed according to the School Foundation Formula.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Gaming Commission  
Department of Elementary and Secondary Education  
Department of Revenue

**NOT RESPONDING - Office of Administration - Budget and Planning**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Acting Director  
February 21, 2002